

PRESS BRIEF 2

MODERATOR:

**LT. CMDR. ROB WYMAN,
U.S. COAST GUARD ATLANTIC AREA PUBLIC AFFAIRS**

SPEAKERS:

**REAR ADM. MARY E. LANDRY,
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U.S. COAST GUARD**

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MMS GULF OF MEXICO REGION**

**DOUG SUTTLES,
CHIEF OPERATING OFFICER,
BP**

FRIDAY, MAY 14, 2010

OPERATOR: Good afternoon and thank you for standing by. All parties will be able to listen only until the Q&A portion of today's conference. If you'd like to ask a question during the Q&A portion, you may press *1 on your phone. To withdraw your question, you may press *2. Today's conference call is being recorded; if anyone has any objections, you may disconnect at this time. I would now like to turn today's call over to Lt. Cmdr. Wyman. Sir, you may begin.

LT. CMDR. ROB WYMAN: Thank you and good afternoon, everybody. Welcome to today's media briefing where we'll give you an update on the operations. With us today is Rear Adm. Mary Landry, L-A-N-D-R-Y, the federal on-scene coordinator; Mr. Lars Herbst, the regional director of MMS Gulf of Mexico Region; and Mr. Doug Suttles, S-U-T-T-L-E-S, BP's chief operating officer.

We'll begin today with some brief statements from our spokespersons and we'll then open the floor to questions. After we complete the questions from the room, we'll go to the phones so that the people on the call today can ask questions as well.

Just a couple of ground rules: Please, if you could please turn off your cell phones or silence them. When you have a question, if you could just wait to be called upon, we'll bring a microphone over to you. Please use the mike so we can capture that audio for everybody that's on the call as well. Please provide your full identification with name and affiliation and then limit one question per person. If we have additional time at the end of the call, we will go back – or at the end of the conference, excuse me – we will go back for additional follow-ups. Thank you.

OPERATOR: If you would like to ask a question, please press *1.

REAR ADM. MARY LANDRY: Good afternoon, everyone. Yesterday, I had a chance to fly offshore with Adm. Allen, the national incident commander. We visited the DD2 rig – the Transocean DD2 rig which will be involved in this response and we also were able to fly over the site of the well as well as areas offshore and near-shore affected by this spill.

The rate of oil flow is an ongoing topic of discussion and analysis. Whether the flow is one, five, 10, or 15 thousand barrels per day, the mobilization of resources has been to prepare for a worst-case scenario. Our resources and tactics are not constrained by flow estimates – I have to emphasize that.

We're constantly monitoring the situation offshore, near-shore and on the shore. We've staged resources, as I said, to deal with the worst-case scenario. We deploy these assets based on anticipation of where the oil is going to impact and we've worked the spill offshore, we've worked it near-shore and we've been working it on the shoreline. Every area of oil ashore has been cleaned or is in the process of being cleaned.

As Adm. Allen said this morning, we should remember we're operating in a sub-sea environment where there's no human access. So as we try to estimate the flow, it's very

difficult. We have two-dimensional video, we have remote sensing and we will continue to assess the oil flow as time goes on.

But most importantly, our focus in this response is to respond to what's out there and to fight the spill as far offshore as possible. We have been successful to date but I'm not judging our success by where we sit today. We are in this to the end, until we secure the well.

What's important is we always are reliant on the weather which can be dynamic, which might constrain some of our tools in the toolkit. So we have to be very, very prepared always to bring all the resources to bear that are necessary on a daily basis.

The vast majority of the Gulf Coast has seen no landfall from this spill. BP teams continue to respond to very sporadic reports of tar balls, ribbons of emulsified oil. Reports include the vicinity of the Chandelier Islands, South Pass and Port Fourchon. Port Fourchon, I emphasize, is open for business, as is the ports in Mississippi River.

Reports of oil farther west are confirmed to be algae. Additional landfall east of Louisiana includes Dolphin Island, Alabama, with one to two tar balls per hundred feet of beach; very sporadic tar balls in Long Beach, Mississippi, and only four tar balls reported in a four-mile stretch of Escambia, Florida. We can type those tar balls to see if they're related to the spill and the analysis is ongoing.

But the Mobile, Alabama, governor and his folks would like to assure you that something – the festival in Gulf Shores, Alabama is definitely still on and as you sit here in Louisiana, you hear of activities that are still taking place. So folks, want to encourage you not to change your plans based on the worst-case scenario but to really make your plans modified to what we are dealing with here and now.

I can assure you there are response teams standing by for any event of tar balls or other things that might wash ashore. This oil spill is still largely offshore.

Another item being discussed is the Loop Current – you've heard about the Loop Current. The unified command has been carefully watching and tracking the Loop Current, which yesterday was mentioned to be 40 miles offshore; it's now 50 miles from the spill.

So this is a dynamic thing. We have been forward-leaning since day one; we already have stood up a command post in Florida. We did have the governor of Florida and all the governors of the coastal states in briefings with us from early on and they continue to be briefed. We have positioned both federal Coast Guard members as well as members of other agencies as far west as a command post in St. Petersburg.

This follows the concept we've had since day one of being very forward-leaning in this response. We will continue to keep you informed as we move along.

What's going on today: Skimming is scheduled to resume today as weather permits. Responders are beginning to use vessels to apply dispersant directly at the water's surface. We also have been looking at and have –

Want to thank the members of the National Response Team and the Regional Response Team for their efforts in reviewing the test of the sub-sea injection of dispersant. This is a valuable tool which requires less use of dispersant by volume if we are able to do the sub-surface injection of dispersant. We are very thankful for all their efforts in allowing us to have this tool in the toolkit.

Also, I want to let you know we pre-positioned three teams offshore: Should the weather allow for controlled burns, we have options for that. That's an ideal option in the toolkit so we're keeping that available to us and we're going to keep them offshore and ready should the weather die down.

We continue overseeing all of BP's activities to ensure that every possible resource and action is directed toward the spill response, as well as interventions to secure the source. We are always in contact with the national incident commander, Adm. Allen, and his team. We have, from day one, the full support of the president and Cabinet-level secretaries and other members of the federal agencies who are all really involved in this response. We are not doing this alone here; the communities are not alone at the front lines. We are all very involved in this response effort and I thank everybody for their efforts to date.

I think we're going to take an update from Minerals and Management Service Lars Herbst. Thank you.

LARS HERBST: Thank you, Adm. Landry. As an update to MMS's review and approvals operations to contain the well flow, MMS has recently granted approval of the riser insertion tube tool, as it's referred to, and also the backup top hat containment system.

The riser insertion tube tool operation is underway and even though the top hat containment system is a backup to the riser insertion tool, we want all options and efforts to proceed in securing the well and containing the flow. So as BP is working one method, MMS is continuing to review BP's alternative methods and approve as appropriate.

MMS has also approved the production handling system aboard the Deepwater Enterprise that will take the flow and process the flow once it's collected from either one of those methods. Other methods which MMS is reviewing and looking at approving that are pending at this particular time include the referred-to junk shot, previously referred to and a "top kill" procedure to secure the well.

The "top kill" method involves pumping mud weight to overcome the pressure and the flow from the well. Other things that MMS is reviewing: We're currently reviewing the drilling permit for the second relief well and we should likely have that approval by tomorrow.

MMS continues to closely monitor the ongoing operations associated with the flow and the flow containment at the end of the rise pipe, while work continues in advancing other options. It's important that plans for any alternative operations to stop the flow of oil at the seafloor are carefully reviewed by MMS engineers to ensure that procedures are conducted safely and to minimize the risk of any additional impact.

We continue to put all our resources and efforts towards a solution, with the combined strength of all federal agencies. Interior Secretary Salazar will be coming to Louisiana again in the near future. We are still working out those details at this time. The secretary remains committed to an expedient resolution and to learn the valuable lessons from this incident to ensure the safety of our offshore energy program.

At this time I would like to turn it over to Doug Suttles with BP.

DOUG SUTTLES: Thanks, Lars and Adm. Landry. To start off with, I'd just update you on our relief well activities. As Lars has previously mentioned, the first relief well, which is being drilled by the Discover Driller III, continues underway and we should resume drilling over the weekend. The second relief well should start on Sunday with Development Driller II, which, as I said, should start drilling on Sunday.

To contain the flow, our focus at the moment is to use the riser insertion tool. It's depicted in the drawing on my left. This device is intended to be inserted into the riser to capture the oil flow before it mixes with the water which is what's creating our difficulty with hydrates. That flow will then go up to the surface and be processed by the drill ship Enterprise. That work is currently underway and we hope to begin operations overnight.

As Lars has already mentioned, our second alternative to capture the flow is the top hat system. The top hat is currently sitting on the seafloor and is available as our alternative choice. As everyone knows, the people of this region and all of us associated with this exercise know the most important thing to do is to find a way, as expediently as possible, to stop the flow.

Our activities to fight this offshore and protect the shoreline continue. We're actually mounting the largest response ever. We've spent over \$450 million to date; over 14,000 people are involved in the response. We currently have a major boom airlift operation underway; we've deployed over 1.2 million feet of boom so far, have another 400,000 feet staged for deployment and are trying to accumulate a total volume of boom of approximately 3.5 million feet.

As the admiral has already mentioned, we have our best success when the weather is good and the forecast for the weekend and the early part of next week looks very favorable to use all of our tools available to us. That includes burning, skimming operations and the deployment of dispersants both on the surface and in the sub-surface. Historically when we've done this, we've actually been able to shrink the size of the spill on the surface.

Thankfully, to date there's been very limited impact to shoreline. We've demonstrated an ability to respond quickly and deploy teams to clean those up. As the admiral has already

mentioned, there are four locations here in the state of Louisiana, two in Alabama and one in Mississippi where we've had limited reports of oil to shore.

On the more human side, we know this is having an impact on the people of this region and we're doing everything we can to try to minimize those impacts. Just yesterday we issued over 800 claim checks; our total claims paid to date are in excess now of \$8 million. We made grant payments to the impacted parishes here in Louisiana to offset their administrative cost and we have made a payment to the Louisiana Seafood Association – a donation to support their efforts to promote Gulf of Mexico seafood.

So just to close out and reiterate, our goals from the very beginning have been to stop the flow, to minimize the impact both to the environment and to the economy and the people of this region and to keep everyone informed. Thank you.

LT. CMDR. WYMAN: At this point, we'd like to open the floor to questions from members of the audience.

OPERATOR: As a reminder, if you would like to ask a question, please press *1. To withdraw your question, you may press *2. Our first question comes from Aaron Cooper with CNN.

LT. CMDR. WYMAN: Excuse me, Operator, if you could please hold, we're going to take questions from the audience here first.

OPERATOR: Thank you.

Q: Jeffrey Collins with the Associated Press. The riser insertion tube idea seems pretty simplistic. Is there a reason why it took a few weeks to get to this point where y'all are trying this idea?

MR. SUTTLES: Well, if you recall, the main objective here is to stop the flow and if we can't do that, then what we want to do is try to contain it and bring the oil up through pipe work to the surface so we won't have a spill on the sea. We originally tried, if you remember, the containment dome. That's where we determined that the hydrate problem was even more severe than we thought. So that's why we started with that technique.

What we've been exploring is what techniques can we apply which would limit or eliminate this hydrate problem? That's how this technique was developed. So the concept is, by inserting the pipe into the riser, we should capture the oil before it mixes with the water and limit the impact.

As Lars has mentioned, since the beginning we've had a strategy which is to parallel multiple options because we're never certain, given the challenges that actually Adm. Allen referred to earlier today working at these depths, how difficult it is to accomplish.

Q: Hi. I was just wondering, am I to understand that the top hat has not yet been approved as a method?

MR. HERBST: No, that procedure has been approved. So both of those containment system options – the riser insertion tool and the top hat – have been approved. As Doug Suttles mentioned, the top hat is actually sitting on the seafloor as the alternative method to the riser insertion tool.

Q: With the methanol that is going to be used with the “top hat,” if it’s deployed, are you guys worried about the possibility of a deck fire or the toxicity of that for marine life? Or is it assumed that that will be contained by the – (inaudible, cross talk).

MR. HERBST: Let me – I’ll start with that and maybe pass it off to Doug Suttles. Part of that was in the review of the production and safety system as that was produced, backup to the system. This system on the Discover Enterprise, which is a production system that is permanently fixed to that facility, has undergone a safety system review by MMS. Inspectors have been out in the field two to three times since this incident, reviewing that system. So that is contained within that – that safety system review.

Doug?

MR. SUTTLES: Nothing to add. That’s very good.

Q: Mr. Suttles, are there any risks involved in the riser insertion tube? Is there a possibility of maybe hitting a clog that causes the oil flow coming out of the broken riser to increase? Any other risks with this method?

MR. SUTTLES: Well, we don’t believe so. As Lars Herbst has just described, each of these options not only goes through review by BP, it actually goes through a fairly detailed review by the MMS just to assess those risks.

If you recall, since the beginning one of our philosophies has been, we don’t want to take any action that could make the situation worse. So we’re convinced that this action will not do that. The challenge will be – is, can we deploy it effectively at 5,000 feet, which has been our challenge since the very beginning

LT. CMDR. WYMAN: Operator, at this point we’d like to open the line to questions from the callers.

OPERATOR: Thank you. Our first question comes from Aaron Cooper with CNN. Your line is open.

Please check your mute button, Aaron Cooper.

Q: Sorry about that. Thank you for taking my call. I hope you can hear me now.

LT. CMDR. WYMAN: Yes.

Q: All right, thank you. I'm sitting here watching a press conference by Adm. Allen in Biloxi, Mississippi, and he held an earlier one in Florida today. The information he's giving out is different than your information. This morning he spoke at length about the top hat method and that was the preferred method to be used. Moments ago, he talked about the "hot tap" method and that would be the method that's going to be used if the top hat is not the method pursued.

I want to know, is he being briefed and not understanding what you guys are telling him? Or is he not being briefed by this office? Can you help us understand where the miscommunication, I suppose, or if he's got better information than this office does?

REAR ADM. LANDRY: This is Adm. Landry. He is being briefed – I was on the phone with him about an hour ago in between interviews. This situation stays dynamic. The insertion of the line, if you call it – the remote line into the drill pipe along with the potential for the "top hat." Those are options you keep available to you, one or the other, as you go through the process.

So he's being briefed and he's describing it. I think people might be confusing top hat with "top kill" which comes later and that's the intervention on the BOP itself. So there's a lot of discussion going on right now on all of these elements.

We have the secretary of energy, the secretary of the interior; we have people – teams in Houston, Texas; we have MMS folks; we have Coast Guard folks; we have Department of Energy folks overseeing the work of BP and other companies. Every company that has a stake in this is involved in supporting the technology efforts. These are novel applications at 5,000 feet.

If Adm. Allen explained one procedure and it sounds a little different from where we are right now, I'll call him right after we finish and get him caught up. But I'm telling you, this is dynamic and constantly changing and we are keeping people apprised of all these options throughout the day.

LT. CMDR. WYMAN: Next question, please.

OPERATOR: Our next question comes from David Fahrenthold, Washington Post.

Q: Thank you. I've been following what's been going on in Louisiana with the different methods they've used to protect their coastline: things like building new islands or using sandbag drops from helicopters – things like that. I wondered, have there been any things they have requested to do to protect their coastline that you guys have said no to – you've said, no, this is too much – the damage would be too much?

And conversely, has there been anything they've come forward with to you from the state of Louisiana, where you said, wow, that's a good idea – let's copy it elsewhere.

MR. SUTTLES: That's a fantastic question, actually. I would actually tell you, on all fronts of this operation, whether it's what we're trying to do on the seabed or actually on the surface or near shore, we're extending the technologies and the capabilities that existed before this event began. What's being done here in Louisiana in a number of places are new techniques and novel techniques, which is to minimize the shoreline impact.

We are looking at the techniques being done here: Can they be exported elsewhere? Our Mobile command post is doing the same thing. They're trying some novel techniques which we may be able to export here to Louisiana.

To my knowledge, we haven't actually rejected any concept yet. There are a number that are still under review. We have a process – we are literally getting hundreds and hundreds of ideas every single day from the general public and others about how either to contain the spill, stop the flow or to clean up the spill. We have a mechanism to try to sort through those, find the best ideas, find a way to test them and if they work, to scale them up very rapidly.

LT. CMDR. WYMAN: Next question, please.

OPERATOR: Our next question comes from Steven Mufson with Washington Post.

Q: Thank you. I wanted to ask about the top hat and why the – (inaudible) – delayed putting that over the leak because it was my impression you were going to try that today and now it looks like that's been pushed back. So was there a specific problem that came up? Why the delay?

MR. SUTTLES: On the containment system, we really have these two choices: the “top hat,” which is a smaller dome to put over the leak point, or the riser insertion tool – what we call the riser insertion tool. As Lars referred to, we've paralleled both of these options. What the analysis has shown over the last two days is that the riser insertion tool looks like the best option to try first, so that's what we're trying today.

If that's unsuccessful, the top hat is actually sitting on the seabed available to be tried right after that. But it's actually – the issue we're trying to fight is this hydrate formation and we believe the riser insertion tool is the best option, the most likely option, to combat that first.

LT. CMDR. WYMAN: Next question.

OPERATOR: Our next question comes from Katie Howell with Greenwire.

Q: Hi. Thanks for taking my question. I was just wondering if you could explain a little bit more about the riser insertion or the insertion tool mechanism. Has this been done before in shallower depths? Or is this a new idea?

MR. SUTTLES: Yeah, the riser insertion tool, to my knowledge, is a new idea. The concept is relatively simple, which is take a piece of pipework with essentially a rubber sealing

device and push it as far into this riser as we can, so that we capture oil and not water, and then bring that to the surface.

The challenge with that – the concept is relatively simple – the challenge is deploying it in 5,000 feet, as Adm. Allen said, where people can't work and we have to use machines to do that. So to my knowledge, it hasn't been done before.

OPERATOR: The next question comes from Chris Baltimore, with Reuters.

Q: Yes, thank you. Being that this insertion tool hasn't been done before, what odds would you give it of success?

MR. SUTTLES: Yes. I know that every time we try a technique, people wonder on its odds of success. Very, very, very difficult to predict that. Clearly, what we believe is it will work. If we didn't believe it would work, we wouldn't attempt it. But we believe it will work.

The challenge is deploying it. I think, actually, over the next day or two, we'll know whether it works because, as I said, this operation is underway as we speak.

LT. CMDR. WYMAN: Next question, please.

OPERATOR: Margot Roosevelt, L.A. Times.

Q: I did understand what Adm. Landry said about how – no matter how large the amount of oil coming out every day, that you are preparing for the worst scenario. However, what we would like to know is, is the federal government looking – is that revising its estimates of how much is being leaked now out of the oil well? Do you have scientists examining the videos and examining how much oil is coming out with an eye towards revising that low estimate?

REAR ADM. LANDRY: This is Adm. Landry. As is with every spill I've ever been involved in, you always work on that as part of the – it's a two-pronged approach. The national resource damage assessment process, which follows on from the response and actually, in this case, started at the very beginning, seeks to confirm a number.

What is very different from this scenario as opposed to other ones we've dealt with is, when you're dealing with ships that have a certain configuration and you've got the plans and you know what parts of the ship are impacted or when you're dealing with a spill onshore and you know how much a container holds in a facility, you have a pretty good – you can pretty quickly assess exactly what you've lost.

This is a very novel situation. I think Lars Herbst from MMS may want to speak to it as well. But this is very different from the spills we've had before where you are able to more early on ascertain an estimate of the amount lost. This has been dynamic and that's why we've taken this estimate but we've always worked with the worst-case scenario and we've certainly – we certainly will seek the truth.

There are technical people that can be brought together and experts in the field that the federal government can put a team together to really come up with a final, more accurate figure.

Lars?

MR. HERBST: If I could add to that – this is Lars Herbst – again, we are monitoring the flow daily from live feeds, as you saw the other day. The characteristics of the flow does change from time to time. What I mean by that is that we've indicated or seen that there is actually potentially more gas flow with this than there was before. So we're analyzing that.

We have a team of reservoir engineers: They're looking at this and trying to determine if there is any change in flow, either increase or decrease. We should have that assessment here shortly – within a day or so. But generally speaking, we have not seen any other equipment that has eroded out; there are no different flow paths than what we've seen from very early on in this incident.

LT. CMDR. WYMAN: Next question.

OPERATOR: Jason Dearen, Associated Press.

Q: Hi. Can you hear me?

LT. CMDR. WYMAN: Yes.

Q: One quick question about the use of dispersants under the sea. I was wondering if that method has been approved by NOAA and EPA yet or where you guys are at in the process of using them.

REAR ADM. LANDRY: This is Adm. Landry. Again, I want to thank the members of the National Response Team, the Regional Response Team, especially Dr. Lubchenco and Administrator Jackson, who took a call from over 100 interested scientists and academicians around the country and all sorts of groups to answer questions and concerns everyone had with the use of this sub-sea dispersant injection, first time we've been using this.

They actually have concluded that this is an option we can consider and we'll move ahead with. That is very recent information – they have just come to the conclusion on this. I can tell you that people have been working around the clock for the last several weeks to try to work through these protocols, the testing that's needed.

This is something that, as I said before, when we had pre-approval for dispersant use offshore, it was done through a couple years of analysis with peer review and tremendous effort put into pre-approval for dispersant use offshore. While we could have taken that pre-approval and used that in this case, we absolutely understood the novel concept around 5,000 feet below the ocean surface and sub-sea inject, to take the necessary time to evaluate this very carefully. We did three tests, we took information and there has been analysis done and extensive dialogue.

So I thank everyone for their efforts in this. This is not a decision that was made lightly but it's a series of tradeoffs. You're really trying to minimize the impact on the environment as best as possible.

LT. CMDR. WYMAN: Operator, we have time for two more questions.

OPERATOR: Thank you. Our next question comes from Eli Kintisch, Science Magazine.

Q: So about the undersea injection of this chemical: What sort of steps will EPA be taking – or NOAA – to monitor the effects of this chemical on wildlife, if they'll putting so much dispersed oil into the water column?

REAR. ADM. LANDRY: This is Adm. Landry. Actually, the sub-sea dispersant injection requires less by volume than what you might use on the surface. If we're able to do in situ burn on the surface with what's already out there and if we're able to minimize the amount needed through sub-sea injection overall, that might be a better option.

The other point, though – the important point is the data analysis. I can tell you that there are rigorous and well thought-out sampling protocols that must be met by BP with us right by their side, with NOAA and EPA members observing the sampling and the data that will be taken from this novel application. It will be something that will be analyzed for quite a while.

I'm sure they will make that data available to you once they get it up and running. We have not begun the official sub-sea dispersant injection at this time.

LT. CMDR. WYMAN: Last question.

OPERATOR: Our last question comes from Jennifer Lebovich, with Miami Herald.

Q: Hi. I was just trying to find out – have you seen how much the pressure that's coming out of the source of the leak and how that figures into these attempts – different methods you guys are trying to contain it?

MR. SUTTLES: It was difficult to hear your question but I think you were asking about the pressure –

Q: Yes.

MR. SUTTLES: – that the flow is under. Yes.

It's very difficult to take pressures, obviously, under the situation we're in. We have been able to get several using very novel techniques and the blowout-preventer. Those are giving us confidence about the techniques we can use. It's coming back to this strategy of not doing any action which could make the situation worse.

By the time we get to the end of the riser, though, the flow is essentially at the pressure of the water above it. But as we go back through the system, we have indications that the pressures are relatively moderate around the well head.

LT. CMDR. WYMAN: That concludes today's press conference.

OPERATOR: Thank you for joining.

LT. CMDR. WYMAN: (Inaudible, cross talk) – today will be available on the website which is www.deepwaterhorizonresponse.com. Thank you.

(END)